



## *Federal Transportation Briefing*

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A Periodic Report on Federal Transportation Activities

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### Annual Transportation Appropriations

*On Sept. 29, Congress passed HR 2017 to extend funding to federal programs until Oct. 4, 2011. This bill was necessary to bridge the gap between the end of FY 2011 and enactment of a longer-term continuing appropriations bill. President Obama is expected to sign HR 2017 on Sept. 30. It contains no funding changes or policy riders.*

*On Oct. 4, the House is expected to consider a slightly longer-term bill, HR 2608, which is also a clean continuation bill and would last until Nov. 18, 2011. However, it does contain \$2.65 billion in FEMA disaster funding for FY 2012. HR 2608 has passed the Senate as amended.*

*Both the House and Senate have drafted full-year FY 2012 appropriations measures, but neither chamber has passed a bill. The House committee report for full FY 2012 appropriations was released on Sept. 27.*

### Surface Transportation Reauthorization

*A reauthorization bill description released earlier this summer by the House Transportation and Infrastructure Committee held transportation funding levels at those that could be sustained by existing revenue sources flowing into the Highway Trust Fund, resulting in significant cuts to programs. However, on Sept. 26, a spokesman for Chairman Mica stated that the committee is now looking for additional revenue, estimated to be \$15 billion per year, to allow for a six-year bill at current funding levels. The Senate Environment and Public Works Committee is working on a two-year highway funding bill that would maintain current levels of spending plus inflation. The Senate plan will require additional revenue of \$12 billion per year.*

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## Background

### **Annual Transportation Appropriations**

FY 2011 – On July 29, the House passed its Transportation-HUD appropriations proposal, HR 5850, providing \$45.2 billion in highway obligation authority, \$3.515 billion in Airport Improvement Project funding, \$1.4 billion for High Speed Intercity Passenger Rail, and \$400 million for TIGER multi-modal grants. The Senate appropriations committee approved S 3644 on July 22, providing \$41.8 billion in highway obligation authority, \$3.515 in AIP funding, \$1.0 billion for HSIPR, and \$800 million for TIGER multi-modal grants.

The president signed a Continuing Resolution on Sept. 30, 2010, to keep transportation and other federal programs funded at FY 2010 levels until December 3, 2010. Congress has not passed any of the dozen appropriations bills for the fiscal year that began October 1. Senior appropriators told reporters that they do not expect an "omnibus" appropriations bill combining

all 12 pieces of legislation into one massive package to set funding levels for the rest of this fiscal year. Rather they expect another continuation of Fiscal Year 2010 funding levels into next year, which would give the new Congress an opportunity to complete work on the spending measures. Republicans, who will take control of the House in January, are calling for rolling back federal spending for most programs to Fiscal Year 2008 levels. They also seek to rescind unspent American Recovery and Reinvestment Act of 2009 funds that would include numerous state high-speed and intercity passenger rail projects plus dozens of highway, rail, transit, and port projects funded by TIGER grants.

On December 4, the President signed a second Continuing Resolution to keep the government operating until December 18.

On December 8, the House passed HR 3082, a food safety bill which includes: a third Continuing Resolution that would fund the government basically at FY 2010 levels through September 30, 2011; and extensions of the surface transportation and aviation programs through the end of FY 2011.

On Dec. 18, the President signed HJ Res. 105, a 3-day Continuing Resolution (CR) to fund government programs until Tuesday, Dec. 21. A draft FY 2011 omnibus appropriations package, which included earmarks, was abandoned Dec. 16 when it received too little support in the Senate. That bill included extensions of expiring surface and aviation programs.

On Dec. 22, the President signed HR 3082, which contained a Continuing Resolution (CR) to fund government programs until March 4, 2011, and an extension of the surface transportation programs, also until March 4, 2011.

Work in Congress was on hold the week of January 10 after the shootings in Tuscon, Arizona.

During the week of January 17, the House was in session, while the Senate recess continued. A House Republican Study Committee unveiled a plan to reduce federal spending by \$2.5 trillion over 10 years. Under the plan, most agency funding would be set at FY 2008 levels for the remainder of FY 2011 (after the current CR expires March 4), and at FY 2006 levels for FY 2012 and beyond. Specific program cuts would include: Amtrak, Essential Air Service, Transit New Starts projects (in large metro areas), and Intercity and High Speed Rail. It is likely that the national debt will reach the current limit by the end of March, requiring a decision by Congress to raise it or trigger default.

On Jan. 25, the House adopted H. Res. 38 to limit the remainder of most FY 2011 spending to "2008 levels or below." It is likely that another short-term Continuing Resolution will be required when the current provision expires March 4.

On Feb 3, House Budget Committee chairman Paul Ryan announced an FY 2011 budget cap of \$1.055 trillion for the months remaining in the fiscal year after the current Continuing Resolution (CR) expires on March 4. In general, this would cut spending by about 17 percent for those months, as compared with the levels under the current CR. The twelve appropriations committees are scheduled to meet next week to determine exactly which programs will be cut, and by how much.

During the week of the 11<sup>th</sup>, the House Appropriations Committee released a list of program cuts proposed for the remaining fiscal year to help meet the spending limits outlined by House Appropriations Chairman Harold Rogers. Included in the list are High Speed Rail and Amtrak.

(No final determination has been made regarding limits to Highway Trust Fund expenditures.) Some members are advocating deeper cuts, so the resulting House proposal will likely be a compromise. In the other chamber, Senate leadership has objected to some of the cuts proposed by the House, but has not ruled out an overall reduction in spending levels. An interim (less-than-seven-month) Continuing Resolution (CR) at current levels may be necessary when the resolution in effect now expires March 4.

The administration's FY 2012 budget was released Monday, Feb. 14. The proposal would change the Highway Trust Fund: the name would be changed to "Transportation Trust Fund"; the current revenue stream would support highway and most transit projects; and as-yet-unidentified additional funds would support rail, a National Infrastructure Bank (grants and loans), transit New Starts, and TIGER. In addition, Amtrak would compete for funds from the bank, instead of relying on appropriations. Highway funds would rise in 2012 (to \$69.7 billion) but would fall after that. The proposal would leave the Airport and Airway Trust Fund as a separate entity, slightly reduce Airport Improvement Program (AIP) funding, and raise the cap on Passenger Facility Charges (PFCs).

On Feb. 19, the House passed HR1, an appropriations bill to fund the government for the final seven months of 2011. It reduces spending by about \$60 billion compared to FY 2010. In addition, as passed, HR 1 would limit EPA's ability to enforce clean air standards, allow waivers from the 15 percent ethanol mandate, and halt the implementation of health care reform. There is little chance the Senate will agree to the bill (and President Obama has said he would veto it), so another short-term Continuing Resolution (CR) is expected before the current CR expires on March 4. However, House Speaker John Boehner has said that even the short-term CR must reduce spending.

As passed, HR 1 would not impact Highway Trust Fund or Airport and Airway Trust Fund expenditures and they would remain at FY 2010 levels. The bill would eliminate several large competitive grant programs such as TIGER II and High Speed Intercity Passenger Rail, but would revive the Rail Line Relocation and Improvement Program. Unobligated balances of funds that remain unused are also targeted.

On March 2, the president signed H J Res 44, a Continuing Resolution (CR) to fund government programs until March 18 while Congress and the administration negotiate on a longer-term appropriations bill to last to the end of FY 2011. H J Res cuts about \$4 billion from FY 2010 spending levels, with transportation-related cuts coming from mainly from two discretionary programs contained in the FY 2010 appropriations bill. Those programs provided one-time funds for surface transportation projects, and for congressionally designated projects. The administration led talks between the House and Senate on a seven-month measure. It is possible that another stop-gap CR will be necessary due to the issues surrounding certain policy riders and program cuts contained in the House proposal, HR 1. Adding pressure to the talks is the issue of increasing the limit on national debt, which is expected to be reached in early spring.

The week of March 7 the Senate rejected the House long-term proposal, HR 1, and also a Senate amendment to HR 1, SA 149 by Senator Inouye. House and Senate leadership, as well as the administration, are currently negotiating a compromise.

Final passage of H J Res 48, another stop-gap Continuing Resolution (CR), took place on March 17 to fill the gap between the expiration of the current CR (on March 18) and agreement on a longer-term measure to the end of FY 2011. The three-week measure continues funding

for the federal government until April 8. Congress will be very reluctant to support additional short-term CRs. Last week, the Senate rejected the House long-term proposal, HR 1, and also a Senate amendment to HR 1, SA 149 by Senator Inouye. House and Senate leadership is working with the administration on a compromise.

The federal government is operating under H J Res 48, a stop-gap Continuing Resolution (CR) that continues funding until April 8, 2011. Negotiations are continuing on an appropriations bill through FY 2011, but no agreement has been reached between House and Senate leadership, or with the administration. In addition, legislation will soon be needed to raise the statutory debt limit, since the current ceiling is expected to be reached by mid-April.

As of March 25, negotiations are continuing on an appropriations bill through FY 2011, but no agreement has been reached between House and Senate leadership, or with the administration. In addition, legislation will soon be needed to raise the statutory debt limit, since the current ceiling is expected to be reached by mid-April.

The president signed a one-week extension (HR 1363) into law on Saturday to provide funding through April 15. This gives Congress until April 15 to clear a final fiscal 2011 spending measure. This averted a federal government shut-down last week when agreement was reached to set the total cuts for FY 2011 appropriations at \$37.7 billion. This number appears to include:

- those cuts enacted in earlier Continuing Resolutions (CRs) – about \$10 billion
- those in the one-week CR passed on April 9 – reductions include FRA High Speed Rail by \$1.5 billion and FTA New Starts by \$280 million; and
- new, unidentified cuts included in a bill to finish out the year

With less than six months remaining in FY 2011, Congress has passed, and the president has signed, a bill that extends appropriations for federal government programs until the end of the year. HR 1473 (PL 112-10) was signed on April 15. For most programs, the bill continues FY 2010 funding levels, but also imposes a 0.2% across-the-board cut to discretionary funds.

Aviation programs – Airport Improvement Program (AIP) obligation authority is mandatory (not subject to the across-the-board cut). Therefore, it remains at the FY 2010 level of \$3.515 billion. The Essential Air Service program is fully funded except for a portion that is subject to the 0.2% cut.

Highway programs – highway obligation authority is also mandatory (not subject to the cut) and is set at the FY 2010 level of \$41.107 billion. However, the bill rescinds a total of \$2.5 billion in unused contract authority (Iowa's share is \$30.9 million), and \$630 million in old, unobligated earmark funds (no significant impact on Iowa projects).

Multi-modal programs - The TIGER program for national infrastructure investment, begun under ARRA and extended in FY 2010 as TIGER II (\$600 million), is funded in FY 2011 at \$528 million minus the across-the-board cut.

Rail programs - High Speed Rail received \$0 for FY 2011, and \$400 million in unused FY 2010 funds were rescinded. The rescission does not impact awarded funds for active projects, however.

Transit programs – The TIGGER program, also an ARRA program extended in FY 2010, funds transit projects that lower greenhouse gas emissions. HR 1473 extends it in FY 2011, but at the

lower level of \$50 million. New Starts/Small Starts was funded at \$1.6 billion, which is \$400 million less than FY 2010.

On April 5, Congressman Ryan, chair of the House Budget Committee released a budget plan overview for the years FY 2012-2021. The budget assumes no new revenue or general fund transfers into the Highway Trust Fund, and would cut total transportation contract authority and appropriated funds by 31% as compared to current levels. The Senate may take votes the week of May 2 on the Ryan Plan (H Con Res 34), and also on an FY 2012 budget proposal by the administration.

On May 11 House Appropriations Committee Chairman Hal Rogers divided up, between subcommittees, the \$1.019 trillion for discretionary programs provided in H. Con. Res. 34 (the Ryan budget plan). With those amounts established, the subcommittees have begun work on individual FY 2012 appropriations bills. The total allocation for the Transportation, Housing and Urban Development (T-HUD) subcommittee was down 13.9% from last year. The split between transportation and HUD is not known at this time. A July 24 markup is scheduled.

The House Appropriations T-HUD subcommittee markup is scheduled for July 24, 2011, with the full committee considering the proposal on July 26.

In the House, a subcommittee markup is tentatively scheduled for July 14 for the Transportation, Housing and Urban Development bill.

The subcommittee markup of the Transportation-Housing and Urban Development appropriations bill, scheduled for July 14, was cancelled earlier this week. No new date has been announced for release of the bill text or subcommittee action.

In an August 17 memo to House Republicans, House Majority Leader Eric Cantor called for moving ahead on fiscal 2012 spending bills despite the fact that the funding limits they would be working under are dictated by a debt limit act that cuts less spending than called for in the House Budget Resolution.

The House Appropriations Transportation-HUD (T-HUD) subcommittee approved an FY 2012 appropriations proposal on Sept. 8. Working from an overall T-HUD budget of \$55.15 billion, it sets the highway obligation limitation at \$27.0 billion (plus \$739 million in obligation exempt), the largest amount the Highway Trust Fund will support, and a 34 percent cut. Transit formula bus grant funding also adheres to trust fund levels, resulting in a 38 percent reduction. In aviation, the AIP obligation limitation would be down by 5 percent and EAS discretionary funds would see a 33 percent cut. The largest drop is in Amtrak operating subsidies, which would be 60 percent lower than in FY 2011. No funding is provided for "high-speed rail" and the TIGER program. While the Senate has yet to offer an appropriations bill, the Appropriations Committee on Wednesday approved an overall T-HUD budget of \$55.25 billion for FY 2012.

With the end of the fiscal year approaching, at least one Continuing Resolution (CR) will be required to keep federal programs funded while Congress works on FY 2012 appropriations bills. No CR text has yet been offered by either chamber.

The Senate Appropriations Committee approved an FY 2012 Transportation-HUD appropriations proposal, S 1596, on Sept. 21. Funding levels for some programs are consistent with FY 2011: highway obligation limitation - \$41.107 billion (plus \$739 million in mandatory funds exempt from obligation limitation); transit formula bus grants - \$8.36 billion; and AIP

obligation limitation – \$3.515 billion. Some programs would see reductions: EAS discretionary funds - \$143 million, a 4.5% reduction; and Amtrak operating subsidies – \$544 million, a 3.2% reduction.

The Senate bill provides some funding not included by the House: FHWA Emergency Relief program – \$400 million (bringing the total to \$1.9 billion); high speed rail - \$100 million; national infrastructure investment - \$550 million (with \$120 million reserved for rural areas); transit grants for energy efficiency and greenhouse gas reduction - \$25 million; and HUD/DOT grants to promote integration of housing and transportation planning - \$90 million.

Because a full FY 2012 appropriations measure will not be passed by the end of the fiscal year, Congress has until Sept. 30 to pass a continuing appropriations bill to avert a federal government shutdown. Early on Friday, Sept. 23, the House passed a substitute amendment to HR 2608 that would keep federal programs running through November 18, 2011, with overall funding at FY 2011 levels (minus 1.503% to conform to the debt ceiling agreement passed August 2.) The bill also includes disaster aid funding and offsets for those funds.

However, through a Sept. 23 procedural vote, the Senate rejected HR 2608 as passed by the House. Senator Reid has scheduled a Sept. 26 cloture vote allowing the Senate to take up HR 2608 with new language that is similar to the House proposal but that omits the rescission of certain funds for use as offsets.

On Sept. 29, Congress passed HR 1717 to extend funding to federal programs until Oct. 4, 2011. This bill was necessary to bridge the gap between the end of FY 2011 and enactment of a longer-term continuing appropriations bill. President Obama is expected to sign HR 1717 on Sept. 30. It contains no funding changes or policy riders.

On Oct. 4, the House is expected to consider a slightly longer-term bill, HR 2608, which is also a clean continuation bill and would last until Nov. 18, 2011. However, it does contain \$2.65 billion in FEMA disaster funding for FY 2012. HR 2608 has passed the Senate as amended.

Both the House and Senate have drafted full-year FY 2012 appropriations measures, but neither chamber has passed a bill. The House committee report for full FY 2012 appropriations was released on Sept. 27.

### **Aviation Reauthorization**

The multi-year aviation authorization bill, known as Vision 100 (PL 108 -176), expired on October 1, 2007, and programs have been continuing under a series of authorization extensions. Multi-year authorization bills have been passed by the Senate on March 22 and by the House on March 25 as separate amendments to HR 1586. A conference committee will resolve the differences between the two proposals. In the meantime, aviation programs received yet another short-term extension.

On September 30, 2010, the president signed an extension, until December 31, 2010, since several issues remain to be resolved.

On December 2 the House passed a bill to extend aviation programs and excise taxes through March 31, 2011. The three-month extension is the 17<sup>th</sup> short-term extension since the last FAA reauthorization bill expired more than three years ago. The Senate would still need to act on this bill.

Extension of aviation programs (through March 31, 2011) was carried out through HR 6473 which was signed on Dec. 22.

During the week of Jan. 24, aviation reauthorization moved to the forefront, with House Transportation and Infrastructure (T&I) Committee chair John Mica citing it as his first priority, and Senate Majority Leader Reid calling it the Senate's first order of business.

The Senate began debate the week of Jan. 31 on S. 223 to reauthorize FAA programs and airport and airway trust fund expenditures. Several amendments were offered, but at this point the bill was still mostly identical to HR 1586 that passed the Senate 93-0 last year. S 223 would fund AIP at \$4 billion, and authorize \$35 million per year for the Small Community Air Service program. An amendment has been offered that would eliminate the Essential Air Service program that provides funds to many small airports. The FAA has operated under short-term extensions since 2007.

Senator Reid intends to end debate on FAA reauthorization bill S 223 on Feb. 14, with the most contentious issue being the number of slots at Reagan National. The Senate Finance Committee reported out a new tax title which includes many features of the bill passed unanimously by the Senate last session: an increase in the jet fuel tax – to 36 cents per gallon (up from 22 cents); and a 14.1 cent per gallon surcharge on “fractionals” (aircraft owned by share holders or multiple parties). The committee also adopted an amendment limiting expenditures from the Airport and Airway Trust Fund to 90 percent of the estimated revenue for that year.

The Senate passed FAA reauthorization bill S 223 on Feb. 18 after a compromise was reached on slots at Reagan National that adds 12 round-trip beyond-the-perimeter flights per day. The two-year aviation proposal includes an increase in the jet fuel tax to 36 cents per gallon (up from 22 cents); and a 14.1 cent per gallon surcharge on “fractionals” (aircraft owned by share holders or multiple parties). An amendment adopted in committee would limit expenditures from the Airport and Airway Trust Fund to 90 percent of the estimated revenue for that year. The cap on PFCs would not be raised. An amendment that would have eliminated the Essential Air Service (EAS) program was rejected, as was a proposal to reduce the federal share at non-primary airports.

The four-year House FAA reauthorization bill (HR 658) which was reported out of the Transportation and Infrastructure Committee on Feb. 16, would: cut AIP funding by \$500 million as compared to last year; sunset EAS by Oct. 1, 2013; leave the PFC cap in place; and allow ten beyond-the-perimeter flights into Reagan National that would be offset by reducing by ten the number of flights from within the perimeter.

Work on FAA reauthorization advanced in the House the week of March 14 with the Ways and Means committee reporting out the revenue title (HR 1034) of HR 658, a four-year proposal. HR 1034 omits the increase in jet fuel taxes in the two-year Senate proposal, S 223. Meanwhile, the T&I committee also reported out another short-term extension (HR 1079) in anticipation of the expiration of the current measure on March 31. HR 1079 now goes to Ways and Means.

The current FAA extension expires March 31 and no final agreement has been reached on a full reauthorization bill. Therefore, Congress is expected to approve another stop-gap measure, HR 1079. This would be the 18<sup>th</sup> extension since the last FAA reauthorization expired more than

three years ago. HR 1079 is a “clean” extension that would continue aviation programs and excise taxes through May 31, 2011.

On March 31 the president signed HR 1079, a clean extension of FAA programs and excise taxes through May 31, 2011. Although no final agreement has been reached on a full reauthorization bill, the House passed its proposal (HR 658) on April 1, with numerous amendments.

FAA extension legislation went to conference last week after the Senate amended the House proposal, HR 658, on April 7. Differences between HR 658 and the Senate proposal, S 223, include: the future of the Essential Air Service program, jet fuel taxes, slots at Reagan National, and unionization rules.

The Senate has appointed conferees to resolve differences between the House and Senate versions of aviation reauthorization bill HR 658. Conferees from the House side have not yet been announced. The current extension expires May 30, 2011.

On May 24, 2011, Congress passed HR 1893, a short-term extension of aviation programs and funding through June 30, 2011. The “clean” bill authorizes \$2.6 billion in contract authority for the AIP program for the period from Oct. 2010 through June 30, 2011. This is the 19<sup>th</sup> extension of Vision 100, which expired at the end of FY 2007.

On May 31, the president signed the 19<sup>th</sup> FAA reauthorization extension, PL 112-016, which gives Congress until June 30 to complete action on a multi-year FAA reauthorization bill. In the on-going FAA reauthorization conference negotiations, continuing areas of contention include funding levels, controversial labor provisions, and the fate of the Essential Air Service program. The House-passed bill eliminates EAS in October of 2013 except in Alaska and Hawaii. The Senate-passed bill continues the program with some revisions.

On June 24 the House passed HR 2279, extending FAA authorization for three weeks. The Senate is expected to act on the measure next week. The long-term reauthorization bill is still in conference, with the House and Senate so far unable to agree on the differences between the two bills, including the overall funding levels.

On June 29 the president signed a bill extending federal aviation programs through July 22, 2011. PL 112-021 is a clean extension which will carry the aviation programs forward while a conference committee works on finalizing a long-term reauthorization measure.

Congress is working on another short-term extension (the 21<sup>st</sup>) of the FAA reauthorization act. The decision regarding the duration of this extension is complicated by the fact that the current fiscal year ends on September 30 and the budgeting requirements for FY 2012 are uncertain. The current extension expires July 22, 2011.

Due mainly to a disagreement between the House and the Senate regarding the Essential Air Service (EAS) program, the most recent FAA reauthorization extension expired on July 22 without the passage of a new extension to replace it. On July 20, the House passed HR 2553 to extend the current FAA reauthorization act until September 16, 2011. However, the bill contains a policy rider that would reduce the number of airports included in the EAS program, which subsidizes air carriers for providing service to smaller communities. The lack of an approved extension or reauthorization bill impacts Airport Improvement Program payments to states, and has forced FAA to furlough thousands of non-essential personnel. Negotiations are continuing.



On August 5 the Senate passed an FAA authorization extension bill, HR 2553, ending the partial shutdown that began when the previous extension expired on July 22. Although both the Senate and House were in pro forma session only, leadership yesterday agreed on unanimous consent passage of the measure in the Senate, which had previously objected to provisions that would cut the number of airports eligible for Essential Air Service subsidies. However, under HR 2553, the Secretary of Transportation is allowed to waive the new criteria under certain circumstances. Extending FAA authorization means that AIP payments will now continue to flow to the states, FAA-directed projects can resume, and the revenue stream going into the Airport and Airways Trust Fund will be restored. The extension lasts until Sept. 16, 2011.

The current aviation reauthorization extension expires on September 16. In his August 31 speech on surface transportation, President Obama also called on Congress to pass another clean extension of the FAA bill. An August 31 press release by Congressman Mica mentioned his intention to “consult with committee leadership before granting the 22<sup>nd</sup> FAA extension.”

On September 16, Congress passed HR 2887 which extends surface transportation programs through March 31, 2012, with no policy or funding changes. Within the same bill was an extension of aviation programs to January 31, 2012, with no policy or funding changes.

### **Surface Transportation Reauthorization**

The multi-year surface transportation authorization act, known as SAFETEA-LU, expired on October 1, 2009. The federal-aid programs, including highway, transit, highway safety, and motor carrier programs are continued through a series of extensions.

The current extension was included in HIRE, which was signed on March 18, 2010 (PL 111-147) and continues programs through December 31, 2010. In addition to program extensions, the act did away with the \$8 billion contract authority rescission enacted in SAFETEA-LU, and also transferred \$19.5 billion from the General Fund to the Highway Trust Fund to keep that fund solvent. While the formula programs have been extended, the earmarked projects in SAFETEA-LU have not been extended. The funding which would have been earmarked was redistributed among the core programs. Two of the SAFETEA-LU earmarked programs were controversial because 58 percent of the funding was provided to four states and 21 states received none of the funding. Language providing a “fix” for that situation has been included in subsequent legislation, but has not been passed.

In June 2009, Congressman Oberstar unveiled a draft reauthorization bill known as the Surface Transportation Authorization Act (STAA). The 5-year proposal would increase funding from the Highway Trust Fund by 57 percent over SAFETEA-LU levels, with most of the increase going to safety and transit. The proposal emphasizes intermodal projects, livability projects, and transit in large areas. Oberstar included performance targets and investment plans for nearly every program, along with stepped-up bridge inspection requirements. Due largely to the question of how to fund it, STAA has remained a discussion draft only.

However, several bills were introduced as potential additions to reauthorization language. One example is S. 3485, introduced June 15, 2010, which would provide surface transportation funds to rural states specifically, in order to provide balance to the large urban area focus of the discussion draft.

On September 6, President Obama announced the outlines of a six-year transportation infrastructure plan, including an up-front investment of \$50 billion for roads, rail and airports.

The funding source mentioned in the announcement was for establishment of an Infrastructure Bank to leverage federal dollars and focus on investments of national and regional significance. The concept of an infrastructure bank has been emphasized by the administration in recent congressional hearings.

The administration says the infrastructure plan would put high-speed rail on an equal footing within surface transportation programs, streamline and prioritize transportation investments, and use performance measures and competition to improve outcomes. It would also expand investments in areas such as safety, economic competitiveness, livability and environmental sustainability. No language has been introduced, and Congress would have to approve the initial \$50 billion in funding.

The Senate is reportedly working on an extension of expiring surface transportation programs that could last through July 4, 2011. House Transportation and Infrastructure Committee Chairman James Oberstar suggested during a meeting with reporters that he prefers a one-year extension. Rep. John Mica, Ranking Member of the House T & I, called for a six-month extension. Mica is now the chairman of the House T & I committee for the 112<sup>th</sup> Congress that convened this week.

On Dec. 22, the President signed HR 3082, which contained a Continuing Resolution (CR) to fund government programs until March 4, 2011, and an extension of the surface transportation programs, also until March 4, 2011. The measure does include a partial “fix” to the controversial distribution of certain highway funds under the HIRE Act by requiring a broader distribution of Equity Bonus funds between core programs.

During the week of Jan. 24, surface transportation reauthorization gained visibility. In his State of the Union address, the president advocated rebuilding infrastructure to increase America’s competitiveness; US DOT director Ray LaHood stated that he expects a bill by Aug. 2011; the House and Senate are holding hearings on transportation; and T&I chair Mica has released an “oversight plan” that describes in general terms the committees basic goals for transportation, such as streamlining project delivery, consolidating and/or eliminating duplicative and obsolete program; redefining the federal role in transportation; and emphasizing performance and accountability.

On Feb. 11, Chairman Mica of the Transportation and Infrastructure Committee introduced HR 662 to extend the programs until Sept. 30, 2011. The bill contains no policy or funding changes.

On March 3, Congress has passed HR 662 to extend the programs until Sept. 30, 2011, and the president is expected to sign the bill before the current reauthorization extension expires March 4.

In recent weeks, Senators and Representatives have been introducing an increasing number of bills related to reauthorization of surface transportation programs. Topics include a freight corridor grant program funded by an increase in the diesel fuel tax, work zone and other highway safety measures, teen safe driving laws, and agriculture equipment visibility.

Unofficial draft language described as an administration proposal for surface transportation reauthorization was in circulation the week of May 2. However, a White House spokeswoman has stated that the 498-page bill is “not supported by the administration.” In addition, the funding levels exceed those to which Congress is likely to agree. However, some concepts, such as program consolidation, could find their way into the final reauthorization plan.

Specifics are beginning to emerge regarding the House and Senate reauthorization proposals. While no authorized drafts have been released, House Transportation and Infrastructure Chair John Mica's outline is said to include funding at levels supported by revenue into the Highway Trust Fund, an expansion of TIFIA, increased state flexibility to direct highway funds (fewer mandates), and a continuation of the current share for transit funding.

In the Senate, the Environment and Public Works Committee draft reportedly funds programs at current levels plus inflation, contains no earmarks, significantly increases TIFIA, consolidates programs, and includes a focus on freight.

While the administration has yet to release an official, detailed draft proposal for reauthorizing transportation programs or funding levels, Transportation Secretary Ray La Hood has reiterated opposition to an increase in the gas tax.

In advance of the possible July 7 release of a surface transportation proposal by House Transportation and Infrastructure Committee Chairman John Mica, early documents describe the bill as covering six years, with funding at the level of Highway Trust Fund receipts. The summary also describes the bill as: providing more decision-making authority to the states, but also adding more performance requirements; eliminating approximately 70 duplicative or unnecessary programs; distributing nearly all the highway funding through formulas; focusing on the Interstates and the National Highway System; and placing more transit emphasis on suburban and rural systems.

No specific committee plans or documents have been released regarding the reauthorization Senate proposal, which will combine elements from several committees.

On July 7, House Transportation and Infrastructure (T&I) Committee Chairman John Mica released a 17-page summary of the House reauthorization proposal (but no bill text). The bill authorizes \$230 billion over a six-year period, which is consistent with expected Highway Trust Fund (HTF) receipts (this amount does not include general fund transfers for transit). There will be no earmarks, and most funding will be distributed to the states through formulas. Chairman Mica said a second hearing would be held on July 12. No floor time has been scheduled so the release date of the bill language is uncertain. Policy changes of interest noted in the committee's summary would:

- streamline the project delivery process;
- consolidate or eliminate approximately 70 programs;
- eliminate the 10 percent set-aside for transportation enhancements (but eligibility remains);
- increase TIFIA loan funds;
- focus the federal highway program on the Interstate Highway System and the National Highway System;
- increase the percentage of available formula funds for transit programs that benefit suburban and rural areas; and
- improve Railroad Rehabilitation and Improvement Financing loan terms and processing.

The complete committee summary and other information can be found on the T&I Web site: <http://transportation.house.gov/>

The Senate is working on a two-year bill that maintains current funding levels

- \$109 billion over two years, including the current \$4.4 billion in general funds for transit
- Would require \$12 billion in new revenues to keep the HTF solvent

On July 19, the Senate Environment and Public Works Committee released an outline of its portion of the surface transportation reauthorization bill (highway policy and spending). "Moving Ahead for Progress in the 21<sup>st</sup> Century (MAP-21) calls for \$109 billion in highway program spending over two years (current levels plus inflation) but that total would require \$12 billion to supplement expected Highway Trust Fund revenue. Other provisions would: reduce the number of core programs from seven to five; add a freight-only program; increase funding for TIFIA; require states to set targets for improving safety, road and bridge condition, congestion, and freight movement; and incorporate performance targets into the planning process. No date has been set for release of the bill text.

A commitment to a short-term extension of SAFETEA-LU has been expressed by the administration, and also by leadership in the Senate and the House, to avert a September 30 shutdown of federal transportation programs. President Obama gave an Aug. 31 Rose Garden speech advocating reauthorization of surface transportation programs, and an interim extension. A Sept. 1 press release by Senator Boxer, chairman of the Environment and Public Works Committee, called for a clean extension of four months (through January 2012). On August 31 Congressman Mica stated that he would agree to "one additional highway program extension."

A proposal to extend SAFETEA-LU (for the eighth time) is making its way through the Senate. The EPW committee approved a bill on Sept. 8 that would extend the highway program through January 30, 2012. Funding is at the FY 2011 level. The bill also rescinds \$3.13 billion in unobligated balances as of Sept. 1, 2012. Still to come are the transit, rail and finance titles written, respectively, by the Senate Banking, Commerce and Finance committees. The House proposal has not yet been released.

SAFETEA-LU as enacted authorized user fees and the Highway Trust Fund until Sept. 30, 2011. Therefore, the eighth extension is the first one that must include those financing provisions.

A reauthorization bill description released earlier this summer by the House Transportation and Infrastructure Committee held transportation funding levels at those that could be sustained by existing revenue sources flowing into the Highway Trust Fund, resulting in significant cuts to programs. However, on Sept. 26, a spokesman for Chairman Mica stated that the committee is now looking for additional revenue, estimated to be \$15 billion per year, to allow for a six-year bill at current funding levels. The Senate Environment and Public Works Committee is working on a two-year highway funding bill that would maintain current levels of spending plus inflation. The Senate plan will require additional revenue of \$12 billion per year.

### **High Speed Rail Privatization**

On June 15, 2011, House Transportation and Infrastructure (T&I) Committee Chairman John Mica, and Rail Subcommittee Chair Bill Shuster, outlined their high speed rail "discussion draft" language. Key points: the bill focuses on privatizing the Northeast Corridor; regional service for the states would not be impacted; Amtrak would continue to operate other long-distance routes and, while offers to privatize would be considered, Amtrak access rights would not transfer. However, the provisions which will be introduced next week (in the form of a bill) could differ from the draft provided by the committee on Wednesday. The language will eventually be included in the House surface transportation reauthorization bill.

Chairman Mica also said the T&I Committee would present its surface transportation reauthorization bill at a news conference sometime during the week of July 4. He plans a July 12 markup.

### **High Speed Intercity Passenger Rail competitive grant application**

Applications for U.S. DOT Federal Railroad Administration (FRA) High Speed Intercity Passenger Rail projects were due August 6. This program is collaborative effort among the federal government, states, railroads, and other key stakeholders to help create a national network of high-speed rail corridors.

On October 25, 2010, FRA announced the projects to be funded, including a joint application submitted by the Iowa DOT and Illinois DOT. The \$230 million award will help implement new passenger rail service from Chicago to Iowa City via the Quad Cities. Find more details at: <http://www.iowadot.gov/iowarail/passenger/highspeedintercity.htm>

On May 9, 2011, the US DOT announced \$2 billion in high-speed rail grants to 15 states and Amtrak, including funds that will benefit Iowa and several other Midwest states. Nationwide, the fund will go toward:

- upgrades in the Northeast Corridor (\$795 million) *to increase speeds from 135 to 160 mph on critical segments, improve on-time performance and add more seats for passengers;*
- construction of 110-mph track between Chicago and Detroit, and Chicago and Saint Louis (\$404.1 million);
- state-of-the-art locomotives and passenger rail cars for routes in Iowa, Illinois, Indiana, Michigan and Missouri; (\$268.2 million) and California (\$68 million); and
- continuation of the Central Valley project in California (\$300 million) *that is laying the groundwork for the nation's first 220-mph high-speed rail system.*

The funds became available when the State of Florida turned down a Recovery Act award earlier this year.

### **Iowa Redistricting**

The non-partisan Iowa Legislative Services Agency released its first congressional redistricting proposal for Iowa on March 31. Redistricting is necessary because the state's relatively slow population growth, as shown in the 2010 census, has resulted in the loss of one congressional seat. Iowa will now have four members in the U.S. House of Representatives. Redistricting will take effect for the November 2012 election.

The non-partisan Iowa Legislative Services Agency released its first redistricting proposal for Iowa on March 31. The plan includes extensive congressional changes that would result in two sets of incumbents running against each other, and would leave one district with an open seat.

Governor Terry Branstad signed the state's redistricting plan into law on April 20. Iowa was the first state in the U.S. to finalize its proposal to re-draw congressional and state legislative boundaries in conformance with the national census conducted every ten years.

### **Job Creation**

In the wake of the August unemployment numbers, President Obama addressed a joint session of Congress on Thursday to propose a \$447 billion jobs bill. While tax cuts to aid small

businesses make up the bulk of the proposal, infrastructure spending totals \$60 billion: \$10 billion in seed money for a national infrastructure bank to leverage private funds, and \$50 billion to invest in roads, bridges, rail, and airport projects. Also included is \$35 billion for cities and states to support the hiring of teachers, police officers and firefighters.

#### **Debt Reduction**

On September 19, President Obama released a proposal aimed at reducing the expected federal deficit by about \$3.2 trillion over a 10-year period, and paying for the American Jobs Act he proposed earlier this month. Based on the summary provided by the White House, transportation-related provisions include: a \$100 per flight fee to pay for air traffic services (some exceptions are allowed); **an increase in TSA aviation security fees from the current \$2.50 per enplanement, to \$5.00 each way (with increases each year beginning in 2013 leading to a \$7.50 fee per one-way trip in 2017, and allowance for increases after that); and implementation of an inland waterways user fee to supplement the existing diesel fuel revenue going into the Inland Waterways Trust Fund.**

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